

Committee were : (a) to review the international experience in relation to Capital Account Convertibility and to indicate the pre-conditions for introduction of full Capital Account Convertibility, (b) to recommend the measures that should be taken to achieve full Capital Account Convertibility, (c) to specify the sequence and time frame in which such measures are to be taken, (d) to suggest domestic policy measures and changes in institutional framework with the specified sequencing and (e) to make such other recommendations as the Committee may deem relevant to the subject. The Committee was required to submit its report by May 30, 1997.

(c) Copies of the report have been already supplied to the Parliament Library.

(d) Capital account liberalisation is expected to augment the availability of capital stock to supplement domestic resources and thereby lead to higher growth, reduction in the cost of capital and improved access of international financial markets. It is also expected to allow residents to hold an internationally diversified portfolio. Capital account convertibility is also expected to lead to more efficient financial intermediation and improvement in the quality of financial assets, and specialisation in financial services.

Fraud by Shipping Company in export of Rice

1585. SHRI K.P. NAIDU :

SHRI PRABHU DAYAL KATHERIA:

SHRI L. RAMANA :

Will the Minister of COMMERCE be pleased to state :

(a) whether the State Trading Corporation has recently been cheated by a shipping company which decamped with an export consignment of rice;

(b) if so, the details thereof alongwith the value of the rice; and

(c) the measures taken or proposed to be taken to check recurrence of such cases ?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH) : (a) and (b) Against STC's export contract dated 19.7.95 with the Ministry of Food, Govt. of Bangladesh for supply of 50,000 MTs of non-basmati par-boiled rice, a quantity of 11,025 MTs was shipped by M/s. Doon Valley Rice Ltd., Karnal on back-to-back arrangement. The vessel "Mv Yanmit" chartered by the party carrying a cargo of 6,500 MTs of rice valued at approximately Rs. 6 crores disappeared from the port of Chittagong without delivering the cargo to the consignee. Meanwhile, M/s. Doon Valley Rice Ltd., Karnal received the payment from M/s. Janta Bank, Bangladesh by manipulation in utter violation of L/C assignment stipulations. The Min. of Food, Govt. of Bangladesh recovered the value of cargo already paid for by them to M/s. Doon Valley Rice Ltd. from

the payments due to STC under the contract. Since M/s. Doon Valley Rice Ltd. failed to deliver the cargo to the consignee resulting in default on their part in fulfilment of the export obligation, the party is liable to refund the export proceeds of the cargo to STC for which legal proceedings are underway.

(c) Besides appointing a Shipping Consultant to assist STC in shipping matters, appropriate steps are also being taken by STC, particularly on the nature of insurance cover and class of shipping companies etc. to minimise such risks.

[Translation]

Industries Damaged due to Earthquake

1586. SHRI DADA BABURAO PARANJPE : Will the Minister of INDUSTRY be pleased to state :

(a) whether some industries of industrial estates and scattered small industries were damaged by the earthquake that reged the Narmada Valley region of Madhya Pradesh on May 22, 1997.

(b) if so, the details thereof alongwith the nature of damage caused, location-wise;

(c) whether the terrified entrepreneurs are shifting their industries due to the fear of earthquake and the proposed industries have been withdrawn;

(d) if so, the details thereof;

(e) whether the above region has been relegated by 20 years in the race of industrial development;

(f) whether the Hon'ble Minister and development's officers visited the region under reference and conducted survey of the region;

(g) if so, the details thereof alongwith outcome of the survey;

(h) whether any decision has been taken to declare the blocks of the above region as backward areas and to give incentives for industrial development; and

(i) if so, the details thereof and if not, the reasons therefor ?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) Yes, Sir. Damage to buildings of 107 industrial units has been reported by the State Government.

(b) The damage reported is mainly in the structures of the buildings. The State Government has requested the banks to provide loan at reasonable rates of interest to the damaged industrial units.

(c) There is no evidence of such situation arising so far.

(d) and (e) Does not arise.

(f) No, Sir.

(g) Does not arise.

(h) No such decision has been taken by the Government of India.

(i) Does not arise.

[English]

Oriental Finance and Exchange Company

1587. DR. M. JAGANNATH :

SHRI T. GOPAL KRISHNA :

Will the Minister of FINANCE be pleased to state:

(a) whether any compensation has been paid to the depositors till now who had been defrauded of crores of rupees in 1987 by the Oriental Finance and Exchange Company (H.O. Madras);

(b) if so, the details thereof;

(c) if not, the reasons therefor, and

(d) the action taken against the directors of the Company?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) to (d) Reserve Bank of India (RBI) have reported that as per their records, a large number of cases were filed by the aggrieved creditors (depositors) of Oriental Finance and Exchange Company in different courts, including an insolvency petition involving Shri Sajan Varghese, Managing Partner of the said firm. The affairs of the firm were entrusted to a Receiver through a court order. RBI have no information about payment of compensation if any, made to depositors.

[Translation]

Bank Draft Facility Between India and USA

1588. SHRI ANAND RATNA MAURYA :

SHRI PANKAJ CHOWDHARY:

SHRI NAND KUMAR SAI:

Will the Minister of FINANCE be pleased to state:

(a) whether the agreement on draft issuing service by banks between India and America has been granted approval;

(b) if so, the main details of the agreement; and

(c) by when the said agreement is likely to be more effective?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) Correspondent relationships relating to issue of drafts by banks is a matter between the banks concerned and not between countries.

(b) and (c) : Do not arise in view of the reply to part (a) above.

[English]

Gold used for Jewellery

1589. SHRI N.S.V. CHITTHAN : Will the Minister of FINANCE be pleased to state :

(a) whether the gold used for jewellery manufacture in India does not exactly confine to the normal prescribed standard for gold;

(b) whether there is some foul play with customers by traders; and

(c) if so, the steps being taken to correct this mischief by the traders across the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) to (c) The information is being collected and will be laid on the Table of the House.

Special Plan to Promote KVICs

1590. SHRI MURALIDHAR JENA :

Will the Minister of INDUSTRY be pleased to state :

(a) whether Khadi and Village Industries Commission have introduced any special plan to promote Khadi and Village Industries in the country during 1997-98;

(b) if so, the details thereof and the funds sanctioned by the Commission to the States during the current year, State-wise;

(c) whether the KVIC has relaxed norms for sanctioning the loans; and

(d) if so, the details thereof?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) and (b) No, Sir. Khadi and Village Industries Commission is continuing its various special schemes (Rural Employment Generation Programme) consisting of District Special Employment Programme, National Projects, 125 Block Development Programme, Thrust Areas Scheme etc. during the year 1997-98.

(c) and (d) There is no relaxation in terms for sanctioning loans. However, disbursements made by KVIC during 1996-97 to its implementing agencies with State-wise break up are given in the Statement attached.